

The City Council met in special session at the hour of 8:30 a.m. in the Council Chambers, City Hall, on the day above written for the first public hearing on the Fiscal Year 2012 City of Fresno Budget. Present were Councilmembers Baines, Borgeas, Olivier, Quintero, Westerlund, Xiong, President Brand, City Manager Scott, Assistant City Manager Rudd, City Attorney Sanchez, City Clerk Klisch, Deputy City Clerk Bruer, Budget Director Smith, and appropriate staff.

(8:30 A.M.) HEARING ON THE CITY OF FRESNO FISCAL YEAR 2012 BUDGET

GENERAL FUND OVERVIEW
FRESNO YOSEMITE INTERNATIONAL AIRPORT
FINANCE DEPARTMENT
CITY CLERK
CITY ATTORNEY

• **DUE TO EQUIPMENT MALFUNCTION THE FOLLOWING PORTION OF THE MEETING WAS NOT RECORDED.**

President Brand announced the time had arrived to consider the issue and opened the hearing and spoke of the budget process through its adoption on June 24, 2011. Councilmember Borgeas questioned if the Roberts Rules of Order could be relaxed during the budget discussions with brief discussion ensuing.

Councilmember Westerlund stated last year's budget discussion was done in a workshop setting and expressed concern with the Mayor not in attendance and it being a very difficult budget, adding he felt it was unnecessary to hold the hearings in the Council Chamber.

Councilmember Quintero requested the City Attorney lay out the parameters for the hearings with City Attorney Sanchez stating these were both hearings and workshops, noting the City Charter laid out the process, stating Council's obligation was to adopt a budget, clarified once a budget was adopted the Mayor has the opportunity to engage in a line item veto of budget actions taken.

President Brand stated Councilmember Xiong requested a public hearing to allow citizens to speak and requested June 9, 2011 at 5:30 p.m. or 6:00 p.m. to give people adequate time to attend the hearing. Councilmember Westerlund stated a League of California Cities meeting was that day. After brief discussion and with Council concurrence, the public hearing to discuss the budget was set for **June 16, 2011 at 5:30 p.m.** and requested all Department Directors and the City Manager be in attendance.

City Manager Scott thanked everyone involved in the budget process, and stated the Mayor was available if needed.

Budget Director Smith acknowledged involved Budget staff. Reviewed budget figures and gave an overview, including: fund structure, enterprise funds, general fund – internal services fund and special revenue fund; capital improvement projects; capital funding sources; debt services; Master Lease Agreement; total City positions; Measure "C" and CDBG funding; interdepartmental services; property and liability claims; workers compensation fees; unemployment insurance funds; personnel services cost, the two retirement systems and the City's contributions, and reviewed the Health and Welfare contributions, advising the cost of health insurance would increase from \$911.00 per month to \$985.00 per month.

(2-0) Ms. Smith continued her overview with a review of the City soon facing a 27 pay period in the fiscal year 2012 versus the regular 26 and reviewed the reserve funding to cover the extra pay period; the increase in fuel costs and the cost for City Hall rent.

Councilmember Xiong questioned the separation funds and the 80/20 vs. 70/30 contribution in Health and Welfare with City Manager Scott stating various unions did not show much interest during negotiations and stressed the importance of implementing the 70/30 contribution as a whole and not piece-meal the plan, adding the City might plan a different approach when unions contracts expire. Assistant City Manager Rudd advised a sub-committee had been formed and was evaluating different

options and different ways of structuring benefits. At the hour of 9:31 a.m. Councilmember Baines left the meeting and at 9:34 a.m. Councilmember Borgeas left the meeting briefly.

Speaking to the fiscal year 2012 budget was Charles Hudiburgh, 1814 W. Pontiac Way. At the hour of 9:36 a.m. Councilmember Baines returned to the meeting. Upon call, no one else wished to be heard.

President Brand distributed a document pertaining to one-time adjustments used to balance the 2012 budget; reviewed ten precarious financial conditions for the new fiscal year; discussed the City of Fresno staff level comparison for the years 2009-2012, advised the reduction of staff totaled 28.26%, and the City of Fresno 2012 general fund budget analysis and the examination of unrestricted funds. At the hour of 9:44 a.m. Councilmember Borgeas returned to the meeting.

- **RECORDING RESUMES**

FRESNO YOSEMITE INTERNATIONAL (FYI) AIRPORT

(3-0) Director of Transportation Widmar gave an overview of his department's budget that included the addition of AeroMexico and Volaris, reviewed operational goal; revenue picture, strategies and capital projects. Mr. Widmar stated the FAA reauthorization bill was being considered by Congress at the present time which match grants for smaller airports and elaborated. Mr. Widmar reviewed the Noise Abatement Program (SMART), adding Airports had an overall budget of \$65 million.

Speaking to the issue was: Charles Hudiburgh, 1814 W. Pontiac Way who would like to see the City of Fresno re-determine the Council districts. Upon call, no one else wished to be heard.

Mr. Widmar responded to questions and comments of Councilmember Westerlund relative to whether there was an operating reserve, the status of AeroMexico and Volaris and their load factor, the board of entry status and costs involved, what level of relationship the City had with FAA relating to the air controller. Mr. Widmar continued responding to questions by Councilmember Westerlund relative to landing fees, reviewed air fares and deregulations, with Mr. Widmar stating the Air National Guard was in the process of a National Environment Protection Agency (NEPA) Study for conversion of the F-15 with Councilmember Westerlund stating this would increase employment and provide significant benefits to the community. Councilmember Westerlund questioned why the change in the consolidated rental car facility rate setting methodology and its bond coverage shortfall, and requested a copy of the debt service schedule.

Acting President Olivier had questions relative to privatizing the policing service at the Airport with Mr. Scott responding. Councilmember Xiong questioned the public relations fund; the increase in information systems costs and the 3% decrease in concessions for City employees with Mr. Widmar and Ms. Smith responding.

(4-0) Mr. Widmar responded to questions by Councilmember Baines relative to funding received from the 747 Boeing flight and the strategic planning for the Chandler Airport and questions by Councilmember Quintero relative to the number of police and fire mandated for the Airports Department.

President Brand questioned how high speed rail would affect air travel with Mr. Widmar responding. There was no further discussion.

FINANCE DEPARTMENT

Controller Gray gave an overview of his department's budget that included operational goal, personnel reductions, meeting the mandated budget reductions, reviewed Finance's revenue picture, strategies including revenue enhancement, staff restructuring and service reductions/modifications and their affects on service. Mr. Scott stated Finance Department had done a good job in meeting the mandated budget reductions, and expressed concern with going too far in reducing the employees, adding hopefully some positions would be reinstated in the future. At the hour of 11:08 a.m. Councilmember Westerlund left the meeting.

Mr. Gray and Mr. Scott responded to questions and comments of Councilmember Borgeas relative to contracting out the business license collections division, the possibility of moving towards electronic billing rather than mailings, and the merging of the Budget Management Studies Division into the Finance Department and requested a report be provided on whether there would be a cost savings if the two departments were merged.

(5-0) Councilmember Baines questioned the possibility of migrating toward paying business licenses on line and questioned whether the City was working on paperless transactions with Mr. Gray stating that was the long term goal of the department. Questions continued by Councilmember Baines pertaining to the cost of mailing the business statements every quarter and requested staff provide dollar amount relating to the cost of the paper and printing costs. Mr. Gray responded to questions pertaining to e-payables with Bank of America, with Councilmember Baines questioning whether the City had explored using local banks for the e-payables process.

Acting President Olivier noted the important of contracting with outside debt collectors, adding if collections were made a high priority, it would be a great opportunity to increase City revenue, with Mr. Scott stating he would provide additional information. Brief discussion ensued regarding transaction fees, credit card processing and its cost, and reduction of employees in the Finance Department.

Speaking to the issue was; Charles Hudiburgh, 1814 W. Pontiac Way, stated it was the important for the City to move forward in an efficient manner. Upon call, no one else wished to be heard.

LUNCH RECESS – 12:00 P.M. – 1:30 P.M. (Councilmember Westerlund was absent for the remainder of the meeting and Acting President Olivier arrived at the meeting at 1:39 p.m.)

CITY CLERK'S OFFICE

(6-0) City Clerk Klisch gave an overview of her department's budget which included the operational goal, revenue picture and strategies including staff restructuring and service reductions. President Brand questioned the impact City Departments would have if the One Call Center was dissolved with Mr. Scott responding. Councilmember Xiong expressed concern with the loss of the One Call Center, stating they handled a large volume of calls directed to District 1 and also questioned the City Hall debt services with Ms. Smith stating she would provide the requested information. There was no further discussion.

CITY ATTORNEY'S OFFICE

City Attorney Sanchez gave an overview of his department's budget which included the mission statement, organization chart, budget consideration to fulfill budget needs, reducing operational costs, best practices to fulfill mission, office staffing, revenue and expenditure challenges, comparison of cases in house versus outside services, laid out what was done in the City Attorney's Office last year, accomplishments of all division within the City Attorney's Office and the challenges the City Attorney's Office was facing in the upcoming years.

Mr. Sanchez responded to questions and comments of Councilmember Baines and President Brand relative to the importance of maintaining the "quality of life" issues that would benefit the City of Fresno, the importance of open communication between the City Council and the City Attorney's Office, the importance of providing the funding for the ability to prosecute misdemeanors to maintain the quality of life with Mr. Sanchez stating the City Attorney's Office would require an additional \$185,000 to move forward with prosecuting misdemeanors.

Mr. Sanchez responded to question of Acting President Olivier relative to the cost of prosecuting prostitution and the possibility of outsourcing to eliminate the reoccurring prostitution problem. President Brand emphasized the importance of keeping the graffiti program and being able to maintain a five-bed opening in County jail for car thieves, adding the cost would be expensive but necessary. There was no further discussion.

ADJOURNMENT

There being no further business before the City Council, the hour of 2:10 p.m. having arrived and hearing no objection, President Brand declared the meeting adjourned to Tuesday, May 24, 2011, at 8:30 a.m.

Approved on the _____ day of _____, 2011.

Lee Brand, Council President

ATTEST: Cindy Bruer, Deputy City Clerk